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NSC BRIEFING

SOVIET PIPELINES AND OIL EXPORTS

- I. The USSR is expanding oil pipeline system tapping estimated 22 billion barrel oil reserves of the Urals-Volga region, largest known oil region in USSR.
 - A. Estimated total Soviet reserves, 29 billion barrels. Comparable figures--US, 33 billion barrels; Kuwait, 60 billion barrels; Saudi Arabia, 47 billion barrels; Iraq, 25 billion barrels; Iran, 33 billion barrels, while Middle East, 173.8 billion barrels.
 - B. One branch of expanded system is to service European Satellites.
 - C. Another branch, terminating at Klaipeda (Memel) on Baltic Sea, will handle exports to Western Europe and Scandinavian countries.
 - D. Both these branches may be tied in with lines servicing Western USSR. Some construction now under way.
 1. New system will permit increased deliveries to both Eastern and Western Europe, will reduce transport costs and thus overall cost of crude oil and products.
- II. Announced Soviet production goals and estimated demands suggest that by 1965, 600,000 barrels per day will be available for export to free world.
 - A. If West Europe receives same proportion of Soviet oil export as in 1958, 400,000 barrels per day would be available to Western Europe in 1965.
 - B. In 1958, USSR sold 120,000 barrels per day to Western Europe; value, \$125 million. This year figure could reach \$200 million.

- C. West European total demand in 1965 is estimated at 5 million barrels per day. Soviets likely to supply only about 8 percent of this total demand. Uneven distribution of Soviet supply among countries of Western Europe could affect local markets substantially.
- D. Much of Soviet oil available to Western Europe in 1965 could be supplied at low cost from Urals-Volga via pipeline system to oil depot now under construction at Klaipeda.
- E. USSR now seeking engineering advice and pipe from West for construction of at least that part of system designed to supply oil to Western Europe.

III. Completion date of new pipelines depends largely on Western help.

- A. USSR has approached Sweden for 20 and 24 inch pipe. Soviets may plan more than one parallel line of these sizes.
- B. Klaipeda line could be completed from Urals-Volga area in 2½-3 years with western equipment and technical aid. Using their own resources we estimate Soviets will require 4 - 5 years for a line from Tuimazy to Klaipeda. As far as we know they have not yet started such a line to Klaipeda, but there is a depot at Klaipeda which was partially^o operative in 1958.
- C. Alternatively the Soviets are considering an extension of the pipeline, already under construction to Bryansk, to service the depot at Klaipeda. Such a line could be completed by the end of 1961 even without western equipment and technical aid.
 - 1. (FYI, US will not permit export of pipe over 24" outside diameter to bloc. No pipe, regardless of size, is under COCOM control.

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- IV. Soviets plan to have pipeline system to service East German, Polish, Hungarian and Czech refineries with Soviet crude oil in operation by 1965. To deliver about 370,000 barrels per day in 1965.
- A. In 1958, USSR supplied 80,000 barrels per day by rail and tanker to the European Satellites.
 - B. Satellites are largely responsible for producing or procuring needed materials for construction of the portion of the line within the Satellites.
 - C. Satellites seeking some material for this construction from Western sources.